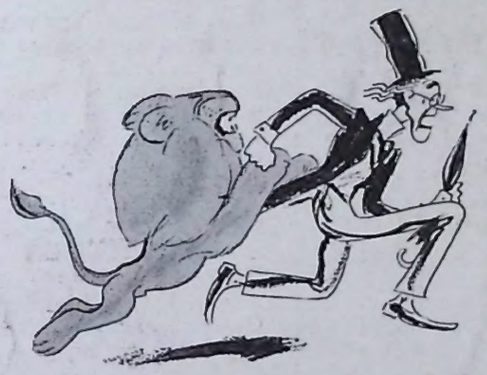
READ *An Infamous Famous Deal* INSIDE

CANADIAN MOVING PICTURE DIGEST

Vol. 22, No. 1 TORONTO 2, CANADA May 3rd, 1930

HERE COMES LEO!



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PUBLISHED BY
CANADIAN MOVING PICTURE DIGEST COMPANY LIMITED
259 SPADINA AVENUE, TORONTO 2
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THE HIT-OF-THE-MONTH CLUB

represented by

THE NEW YORK TIMES
THE FILM DAILY
MOTION PICTURE NEWS
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PICKS THE OUTSTANDING SHORTS!

THE N. Y. TIMES:
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Cast of fifty dogs with human voices perfectly synchronized. First run on Broadway with $2 show at Earl Carroll Theatre —now second Broadway run at Colony! Two reels.

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HARRY LANGDON
in **THE SHRIMP**

Hal Roach—M-G-M comedy. The story of a timid soul who receives an injection of bull-dog serum. A great laugh idea developed to the utmost. Two reels.

EXHIBITORS HERALD-WORLD:
"The best effort yet put out by a dancing ballet in color . . . Credit is the word!"

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M-G-M—Colortone Revue. Albertina Rasch Ballet in brilliant ballet and solo arrangements of singing and dancing. Cast of 100. In Technicolor. Two reels.

THE FILM DAILY:
"Fine entertainment! Good comedy with wide appeal.. Extremely well done!"

OUR GANG
in **BEAR SHOOTERS**

Hal Roach—M-G-M comedy. The Gang goes camping-out for bear. What they get is a scream. Dialogue makes them perfect! Two reels.

MOTION PICTURE NEWS:
"Full of laughs! The funny team in a new twist. Different... amusing... clever... play it up in advertising!"

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Metro-Goldwyn-Mayer

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Telephone: Trinity 1481
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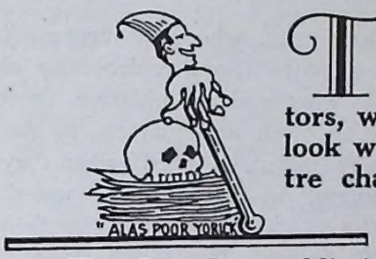
RAY LEWIS
Editor and Managing Director

Published by Canadian Moving Picture Digest Company, Limited
259 Spadina Ave. - Toronto

Vol. 22, No. 1. TORONTO 2, CANADA May 3rd, 1930

Worse Than a Crime--A Blunder



THE PRODUCERS and distributors who have been distributing pictures in Canada, since the earliest days of Motion Pictures; and those other distributors, who have established their Trademarks here, can well look with trepidation on the sale of Canada's dominant theatre chain, thereby giving one powerful producing, distributing and exhibiting company, a practical monopoly of the Canadian Film Industry.

The Canadian public is opposed to such a deal. The Canadian public feels that its Film market is too narrow to permit one company to monopolize it. The Canadian public knows that all of the Quality pictures, which it has witnessed, as presented on the Screen of Canada, have not been exclusively from one trademark, but have been selected from all of the trademarks.

The "Open Market" policy for a selection of pictures has enabled the Famous Players Canadian Corp. to build up a theatre prestige in Canada, thereby establishing a reputation for the presentation of the best only; and through such a policy increasing its theatre patronage, establishing profits for the company, and increasing dividends for the shareholders.

The revenue derived from distribution in Canada totals many millions. Are these millions to be given to one company exclusively, to the detriment of variety by way of entertainment?

Are these other distributors in Canada to close their offices because the handicap of one company in control, makes their operation in Canada unprofitable?

Such a proceedure would mean that thousands of Canadians would be without employment; and aside from this economic factor, why make the majority of producers subservient to one producer-exhibitor organization in Canada, when Canada derives no benefit from such a foreign monopoly?

Let us remain mistress of our own Film Industry in our own country. If we are to have a Film Monopoly, let it at least be, at the worst, Canadian.

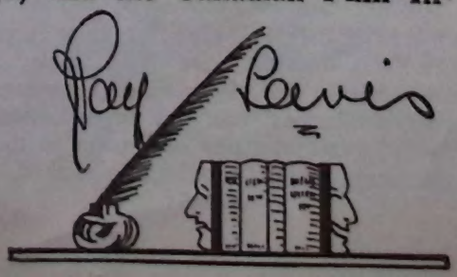
"An ounce of prevention"is still worth " a pound of cure." Let us rather be intent on controlling our own Screen so that it will not be necessary to make it innocuous by legislation. Why overlook the possibility of contingencies and the emergency of international complications?

Legislation, which restricts foreign trade, generally results in legislative reprisals; and when this does not establish a "Trade Balance," sufficiently to satisfy the countries involved, then there are complications of grave import.

There is an element in Canada which has successfully made itself felt and heard through the press, which headlined its grievance, in respect to American Film Domination. This element had no foreign-controlled theatres with which to further inflame a sympathy with its proposals.

What will the attitude of this element be with the leading theatre chain in Canada, controlled by a producing and distributing theatre company of America?

If the proposed American deal goes through, and the Canadian Film Industry loses its independence and identity as a Canadian Enterprise, at this day when all the nations of the world are demanding a self-expression by way of their own Screens, their independence from foreign control, Canada will remember this Famous deal in the words of Napoleon, "It is worse than a crime, it is a blunder."



RAY

RAY LEWIS

PRESENTS

FOR the directors of the Famous Players Canadian Corporation to make such a turn-about-face in their policy of refusing to sell to an American company; and then selecting the American company to which they will sell, regardless of the value of the purchasing offer, is an Infamous Famous deal, which will forever associate itself with the names of this directorate in Canada!

The directors of Famous Players Canadian Corporation know that the Gaumont British is not controlled by Fox as they choose to claim. It apparently suited their purpose, and their intentions to draw this "red herring" over the line of their intent, but since it only needed a little time to reveal the direction toward which they were heading, Time has revealed their alibi as a subterfuge, and also revealed how clumsy in their manipulation, are some men, who hold positions wherein ability should be an important factor.

IT WAS not American control which the Canadian directors were opposed to, when N. L. Nathanson brought the offer of the Gaumont British to Canada. This was but subtle propaganda with which the directors attempted to beguile the shareholders and the public. The Canadian shareholders and the Canadian public were used to explore and make fertile a territory, for the American invasion planned, as soon as it was certain that the Canadian Film Enterprise was not only self-supporting, but a profitable investment.

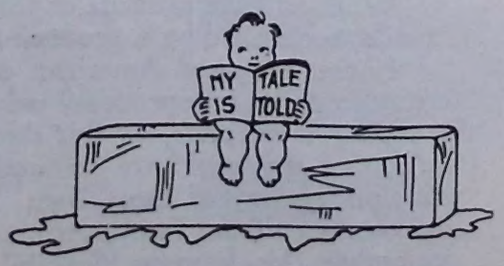
For nine years Canadians have given their support to the building up of the Famous Players Canadian Corporation. Canadians have grown old in the service of Famous Players Canadian Corporation, as applied to the age-limit values of to-day. The past directorate always had planned that these men, who gave their best to the company, would always remain an integral part of the organization; and that even a second generation might spring from the loins of these men, to succeed to the position of their fathers.

TO THESE men this planning must seem to-day like "day-dreams," for they know, and we know that in the absorbtion of companies by other companies, the new organization senses no responsibility, gratitude, nor obligation to those who made the company which has been absorbed, a good investment. These men, who have become in modern parlance, high-priced men, are replaced by cheaper-salaried men, those who need no initiative, those who are Robots, wound up from headquarters to do a routine work; and who are generally "fired" when they say "no," or dare to criticize, or analyze the "moves" of those higher up.

It has been known that some of the higher-priced men of absorbed companies are retained, because a contract had to be carried out, or a deal involved certain obligations to certain men of an organization. But jobs are found for these, if they are "job men" in other companies, or "positions" for those in that class in other organizations, affiliated, or controlled, or else these men draw a salary for the period of their contract with nothing to do, this very inactivity making them sue for some adjustment whereby they can step out to find themselves something to do elsewhere.

IN OUR Industry, it is noticeable that men, big and small, fade out of the picture with their company's independence. It may be that the Canadian personnel of the Famous Players Canadian, and the types of executives and theatre managers we breed in Canada may prove too slow for a company which has changed its name to Publix-Paramount.

That gentle and genteel city of Chicago, gave Paramount Katz of Balaban & Katz. Katz long ago dropped Balaban when he picked up Publix. Now we hear that there is not any room for Katz in America, so Canada is to be made a present of him, in other words, we are going to have "Katz and his kittens," to replace our bull-dog! Why not Mexico?



Passing of Famous Players To Control in United States Meets Disapproval of Public

(As Reprinted from The Financial Post)

DIRECTORS CLAIM COMPETITIVE ERA AHEAD MAKES CHANGE ADVISABLE.

"In the ten days which have followed the recommendation of Famous Players Canadian Corporation directors that the offer of four Paramount-Famous-Lasky Corporation shares for every five shares of Famous Players, should be accepted by shareholders, a definitely unfavorable public reaction has made itself apparent against the proposal that the dominant group in the exhibition of pictures in Canada be placed once again with the absolute control of a United States company. Shareholders have naturally been more concerned with the terms of the offer and many have been disappointed because they had purchased the stock with hopes of much better things eventually from the operation of the company under Canadian auspices.

Arthur W. Roebuck, solicitor, who represented a group of shareholders at the annual meeting last fall to ask questions as to why the reputed offer of British Gaumont of $75 a share had not been passed onto shareholders, has circularized shareholders inviting them to a meeting on May 15 in Toronto to take action to fight the transfer of control or get information which shows this transfer to be absolutely necessary in their interests.

With I. W. Killam in Europe and J. P. Bickell in New York City during the first part of this week, no statements amplifying the original announcement of the directors were available.

Interests quite close to the directorate gave it as their opinion that the directors were aware of developments which made the action taken by them the one most in accordance with the real interests of the shareholders, and that these were developments which it would be hard to explain at length and with detail to shareholders as they embodied a great deal of technical information whose importance could not be grasped by people not trained to understand their significance.

They said that time would demonstrate the wisdom of the course taken and that in any case every shareholder could accept the offer or reject it just as he liked, that things would go on much as they have been so far as management is concerned and pictures shown are concerned, but that the main point was that for the era of expansion and erection of new modern theatres which is ahead of the company would be controlled by a strong group with ample finances.

Received No Definite $60 Offer.

When asked why shareholders could not have been given the opportunity also to consider the offer of $60 cash a share, reported by N. L. Nathanson to have been made by a responsible Canadian group which would have kept the group under Canadian direction and control, the answer was that this had not been a definite offer and that it had never gone much further than a talk over a telephone.

The impression of the shareholders spoken to during the week was generally unfavorable. One shareholder did say that if the Paramount offer was turned down he would sell his shares in Famous Players. Another said that he was not concerned about whether the control was in Canada or not, but he believed that various other offers should have been considered and that he was of the opinion that the theatres would be better lined up with the Fox group than with Paramount. This was not the general view, most having bought the stock under the impression that the surest profits were to be made in the exhibiting side of the business.

Talk among real estate men turned on the properties held in Montreal, Toronto and other cities both by Famous Players and rival interests for the eventual building of large modern theatres. While no statement has been

(Continued on Page 8)

(As reprinted from The Financial Post)

SHARE-FOR-SHARE DEAL SEEMINGLY ONLY FAIR

"If the Paramount Famous Lasky Corporation had offered share for share to shareholders of Famous Players Canadian Corporation, the latter would have considered that their interests had been fully protected. There would have been no harking back to the offer at $75 a share from British Gaumont, an offer which was obviously turned down because Canadian directors felt that it would violate the spirit of an arrangement made with Adolph Zukor when a voting trust of a majority of the shares was created to protect Paramount interests in supplying films. There would have been no reference to the recent offer of $60 cash a share made by prominent Canadians who, according to a statement made by N. L. Nathanson, intended to retain control of the business and company in Canada.

Though directors deny that there were written or definite offers in either case, shareholders believe that encouragement would have brought definite offers. Willingness to deal in both cases was apparent, but because William Fox was found to be interested in British Gaumont this lucrative offer was turned down "in fairness to Paramount." It is probable that the $60 offer was not considered also "in fairness to Paramount." But the Paramount offer in return, "in fairness to the shareholders," it seems to The Financial Post—should have been share for share.

Even if one accepted the argument that national control of moving picture theatres would not change to any market degree the source of films; even if one admits that directors could not consider lucrative offers for shares if they meant breaking an implied obligation to Paramount; even if one believes that keen competition in 1931 or 1932 will lower the profits of the company available for dividends, which is the chief reason given by directors for accepting the offer; even with all these things admitted, it would still appear that the offer should have been share for share on the basis of current earnings and the importance of the Canadian chain to Paramount in this era of keen competition foreseen by directors.

Who can say that, if the directors had really been free to consider and pass on to shareholders all offers received from whatever source, the shareholders would not be faring better now?"

Can Make Case For Either Side Montreal View

(As reprinted from The Financial Post)

From Our Own Correspondent

MONTREAL. — While earnings of Famous Players Canadian Corp. constituted a record in the first three months operations of the current fiscal period, it is believed that the steady gain which was recorded in the previous year has begun to slacken and that profits are not going ahead with the leaps and bounds with which they moved in the last fiscal year. In the west it is likely that general business conditions have affected the revenues of the moving pictures, while the novelty of the talking pictures has worn off to some extent.

If directors of Famous Players Canadian Corp. were to make a definite statement regarding earnings and further elucidate the adverse effect of possible competition, shareholders, at present in a state of indecision, would be able to make up their minds as to whether they should accept Paramount's offer of four shares of its stock for five of Famous Players.

Definite Information Scarce

In the present haze of scanty facts it is possible to make a good case for either side. If competition looms as a tangible threat to Famous Players, many believe that the proposed exchange is reasonable. With competitive de luxe office buildings and theatres in four or five leading Canadian cities, they argue, four shares of Paramount would be much better to hold than five shares of Famous Players of Canada. It is the big houses in the large cities that bring the profits, and it is possible for a competitor to strike at this source of revenue. Admitted that probably neither of the opposing houses would make much money, they say that the effect of definite competition on the stock of Famous Players marketwise would be more apparent than it would be on the shares of Paramount.

It is questioned by some as to whether Famous Players would be better off under Paramount control in the event of competition developing. So far as earnings are concerned it is quite possible that the answer would be in the negative, but from a stock market point of view others state that Paramount stock, with its wide distribution, is likely to fluctuate less than that of the Canadian company, which has but a comparatively small number of shares outstanding.

Take the other side of the question. There may be no competition for some time; to complete a programme which would seriously menace Famous Players would take years. The Canadian company is free from production troubles; as an exhibitor it commands the best and practically only market for films in Canada. Film producers who would show their production in Canada at present must come to Famous Players to find distribution, and the company has been successful to date in acquiring favorable prices for its bookings.

Passing of Famous

(Continued from Page 7)

made on that point many believed that the reported Montreal offer of $60 a share would have lifted off the possibility of competition from the quarter where it now threatens and that the Canadian group getting control would have built modern theatres where needed but that there would have been no danger of over-building as the building would not then have been competitive.

Big Things Happen in New York

J. P. Bickell, vice-president of Famous Players Canadian Corporation, in announcing the offer and the endorsement of directors, pointed out the possibility "that other large and powerful interests may choose to enter the Canadian field as a result of their policy of amalgamation and subsequent expansion as theatre owners in fields in which their pictures are exhibited."

When one turns to New York to scan recent developments which may have wide effects in the moving picture industry, principal attention is taken at once by the Fox companies, the General Theatres Equipment Co., and Warner Bros. The end of the fight for control of Fox Film Corporation clears the way for normal operation of that company, and financial observers envisage in the course of time a merger of Fox Film Corporation, Fox Theatres Corp., Loew's, Inc., and General Theatres Equipment Co.

Halsey Stuart Co. have energetic financing plans which will involve the issue of $50,000,000 convertible debentures and some new common stock to finance the acquisition of William Fox "B" stock and further expand the enterprises. William Fox gets $20,000,000 and a salary of $500,000 a year for five years from Fox Film Corp. for surrendering 51,000 shares Class "B" stock of Fox Film Corp. and 100,000 shares of Class "B" stock of Fox Theatre.

SHAREHOLDERS

Famous Players Canadian Corporation Limited

are requested to meet at 8 o'clock in the evening of

THURSDAY, THE 15th DAY OF MAY, 1930,

in the

KING EDWARD HOTEL, TORONTO,

to consider a proposed exchange of their shares in the Canadian Company for those of Paramount Famous Lasky Corporation, and all circumstances connected therewith. All shareholders are urged to be personally present.

SHAREHOLDERS FAMOUS PLAYERS CANADIAN PROTECTIVE ASSOCIATION,

ARTHUR W. ROEBUCK,
Legal Counsel,
Sterling Tower,
Toronto, Ontario.

The Shareholders Angle of Famous Deal

The Proposed Sale of Famous Players Canadian Corp. Is No Bonus for Canadian Shareholders

(As Observed by the Editor)

THE PROPOSED sale of the Famous Players Canadian Corporation to the Paramount Famous Lasky, which recently changed its name to Publix Paramount, has three factors of predominant interest to the shareholders of the Canadian company and to Canadians in general.

These three factors are, *the Shareholders' Angle, a Trade and Commerce consideration* and of equal importance a *National aspect.*

WE WILL first consider the shareholders' angle, since the sale of the Canadian company directly and immediately concerns these shareholders and their investment.

The offer by Paramount Famous Lasky to exchange *four of its shares for five of the Canadian company* is an offer which is not considered fair to Canadian shareholders. *The Financial Post and various other publications including "The Street," and advice from Investment Bureaus of reputation all agree that if the American company offered an exchange of share for share, all other considerations eliminated, this would be in the nature of being a more equitable exchange as it concerns the Canadian shareholder.*

THE DIRECTORS of the Canadian company, who should know their company's value, have overlooked what so many others have seen; and have approved the offer under their signature, recommending its acceptance by the shareholders.

These directors, the majority of them, who have had no experience in either show business, or film business, who were in the habit of permitting N. L. Nathanson to think in showmanship terms for them; and to act for them according to his showman and business judgments, certainly reveal their lack of knowledge by way of showmanship; and their apparent lack of market values in endorsing an offer to purchase the Canadian company on a basis of an exchange of shares which the market generally considers not advantageous by way of value to the Canadian company.

THESE directors stress the advantages of such a sale of the Canadian company, by way of combating rival chains which may become competitive. They point out increased dividends which the American company is able to pay through a greater earning power per share, but when the tables of the earning power per share of the respective companies, the Canadian and American are compared, *the figures show that the Canadian company has earned more per share than the American company.*

It would be of interest to learn whether those directors, who sometime ago sold the bulk of their shares to the American company, took an exchange of shares for their investment, or made their sales for a cash return?

FINANCIAL experts have computed the earnings of the Canadian and American company to the advantage of the former. For the year ending August 31st, 1929, the net income of the Canadian company was $2,044,224, or $6.24 a share.

The American company showed earnings of $6.34 *a share, for the same period, but these earnings have been based on an added profit of* $3,000,000 *which came to the American company from the sale of its shares to the Canadian company, at the time N. L. Nathanson purchased the control of the Canadian company from American Interests.*

Deducting this extraneous profit of three millions, the American company earned approximately $5.00 a *share, as against the* $6.24 *earned by the Canadian company.*

It is reported by the directors of the Canadian company that earnings for the first quarter of this year are in advance of this period during the year just passed.

THE TOTAL assets of the Canadian company are reported as over twenty million; but what is the value of its good-will when one takes into consideration that its theatres have a yearly attendance of over thirty million people, *that it is the dominant theatre chain in the Dominion which gives it a Canadian Film Monopoly;* and that it has in addition to its own theatres across Canada, from coast to coast, many theatre affiliations, franchise benefits by way of product and other theatre affiliations which cover all fields of entertainment and accessories.

The Famous Players Canadian Corp., if sold to an American company, gives that company a Film Monopoly in Canada which is worth at least one hundred million dollars. It sounds like a great deal of money, but when you take into consideration what one distributing unit in Canada can take in, in rental values, to the extent of two million dollars a year in a competitive market, what would the revenue in rentals be to a producing company which was in control, distributing and exhibiting its own product in Canada?

THE FAMOUS Players Canadian Corp. is killing its own goose which is capable of laying golden eggs of profit, for a "wish-bone" or a pate-de-foi-gras advantage.

Can you imagine any other Enterprise in Canada, having a monopoly which an American company desires, trading this monopoly to an American company on a basis where America gets the advantage, not only in the value of the monopoly which it receives, but in the actual trade deal?

It is no compliment to the astuteness, or business ability of the directors, who propose that the Canadian shareholders should accept the Paramount offer.

EVEN on a share for share basis, the directors and the shareholders do not realize the value of this Film Monopoly with which they are endeavoring to trade. Adolph Zukor knows it, and he is to be complimented on his vision, even though it is a pity that we have no present director who can talk to Mr. Zukor from the Canadian value angle.

Some years ago the Schlesinger Bros. sewed up South Africa in respect to Film Trade. This happened, however, when South Africa was still unaware of the value of a Film Industry. South Africa realized its film position when the established film monopoly in her country was there, apparently to stay.

What excuse have the shareholders of the Famous Players Canadian for giving up the revenue of an Industry, for which the financiers of the world are manipulating and watchfully waiting?

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The Shareholders Angle of Famous Deal

(Continued from page 9)

IF THE SHAREHOLDERS of the Canadian company are considering only a sales angle; and are not concerned as to where they make a sale, or with which American company they become affiliated, as long as that company is an important one; and shows no reason for passing dividends, *why not do a little trading; and let the Canadian company go to the highest bidder?*

Let us have a little time in which to consider offers. We are of market value, evidenced by the various offers which have been made for us.

From a shareholder's angle, it is well, in considering the Paramount offer, to ascertain upon what grounds, not subterfuge, but legitimate grounds the offer of the Gaumont British at $75.00 a share was not followed by way of ratifying the offer; and of submitting it for consideration to the shareholders.

The alibi as given by J. P. Bickell and I. W. Killam to the press stated that the Gaumont British Corporation was American-controlled. If there is no objection to an American-control as proposed by the directors now, what was the nature of the objection then?

WAS it a Fox control with which the directors were concerned, and why should this concern the directors who had no interest in either the Fox or Paramount company? If they had such an interest, why should this self-interest influence a decision which was concerned with the interest of all of the shareholders?

It is the business of a directorate, which is sincere in its office to follow a policy of advantage to all the shareholders, irrespective of personal interests. It is a violation of a trust, when a Trust is established for certain specific purposes, which involve the voting rights of investors; and members of that Trust adopt a policy for the personal benefit of each other, or a self-benefit.

TRUE, Mr. Zukor is the president of the Canadian and American company; and being thus associated it might be the disposition of the Canadian shareholders to favour Mr. Zukor in the event of a sale of the Canadian company, providing, however, his company came forward with an offer as good as the best offer which was made.

No one questioned the right of Mr. Zukor to sell his shares at a profit to the Canadian company, nor other concessions, by way of profit, which were accorded him, why then should the shareholders be obligated to favour the American company to their own disadvantage?

Another excuse for not accepting the offer of the Gaumont British was contained in a cable to Mr. Nathanson, from Mr. Killam and made by the latter to the press, stressing that such a sale would be contrary to prospectus and advertisement.

Mr. Killam is evidently referring to this clause from the prospectus.

IN ORDER to sell the control to Gaumont British, Mr. Killam stated that it would be necessary to secure the sanction of every holder of a voting trust certificate, which appeared to be impossible to Mr. Killam, who also doubted the legality of such a transaction.

Such legalities and technicalities appear to have been overlooked in the present proposed sale, for Killam agreed to accept the American offer, if he did agree, on the basis of the five for four share exchange, the day previous to his departure for England.

The shareholders may be interested to inquire of Mr. Killam, in exercising his option to take up thirty thousand shares in the Canadian company at twenty-five dollars a share, whether he turned these shares over to the American company on the basis of five shares for four, or whether he took his profit of over a million in cash?

IF THE CANADIAN company could pay in cash for the shares it purchased from the American company, why cannot the American company make an offer to pay cash for the shares it desires, giving the shareholders the option to exchange share for share if they so desire, and establishing the Canadian share value at $75.00 in accordance with the value established for the American shares on the fractional share basis of valuation?

The shareholders may be interested to inquire why it was necessary to pay eight million dollars for the purchase of shares from the American company, in order to give the control of the Canadian company to Canada, since now it is decided to give this very control back to the American company on an exchange basis of shares.

Is it to protect the Canadian shareholders, or is it to secure a monopoly of the Theatre and Distributing market in Canada that Paramount desires the control of the Canadian company?

With Famous Players Canadian absorbed by Paramount, the shareholders, who make the exchange of shares, find their investment in competition with every producing and theatre interest, wherever Paramount may have holdings; and in place of protecting or strengthening the Canadian theatres from competition from other competitive theatre chains, this deal with Paramount gives every other producing and distributing unit, desirous of protecting its film trade in Canada, an incentive to build theatres here.

The Famous Players Canadian Corp. ceases to be the big Canadian customer for world product, with those peculiar favours which come with such a monopoly. Famous loses its identity as a non-producing, non-distributing theatre organization, one of the very few left in the Picture Industry, it loses its Canadian angle; and in competition becomes a target for opposition such as Paramount receives.

Mr. N. L. Nathanson made a very definite statement to the effect that the Gaumont British had offered $75.00 cash a share to the Canadian shareholders, the offer was of course tentative, being dependent on the approval of the directors. The officers and directors first denied and then affirmed that there was an offer; and in their affirmations very clearly voiced their objection to their consideration of this offer, the objection being American-control.

If the American control was the drawback, what is wrong with an offer of $60.00 a share from a Canadian syndicate of financiers? Mr. Nathanson confirms that such an offer was made to Mr. Killam; and that the latter called no meeting of the voting trust, or the shareholders to consider the offer.

The directors state that an offer has to be formally presented to the board of directors, in writing, for consideration. Was such a proceedure followed with the Paramount offer, or was this offer first discussed between Mr. Killam and Mr. Zukor before it was presented to the Board of Directors in its formal form?

When Mr. Killam cabled Mr. Nathanson that the Gaumont British transaction could not go through, he stated that he and Mr. Zukor had talked it over and had come to such a decision. Evidently this same proceedure was followed in the rejection of the Canadian

(Continued on Page 11)

The Shareholders Angle

(Continued from Page 10)

Syndicate offer and the acceptance of the Paramount offer.

It is only reasonable to inquire of the Board of Directors why they consider the Paramount offer the best of the three submitted, better than $75.00 cash from Gaumont British and better than $60.00 cash from a Canadian syndicate?

The minority shareholders are interested to know what this Voting Trust agreement and Prospectus issued at the time of the purchase of shares from the American Interests, meant to convey, and how the principles of these documents have been adhered to?

Although the minority shareholders have only a minority control, they are the largest number of individual shareholders; and they would like to ask the Board of Directors what is the particular advantage to them, as shareholders, in selling the Canadian company when it is steadily building up its holdings and profits; and cannot, if sold to the American company, avoid the very conditions which are inspiring the directors, so they say, to advocate the sale?

It is much better to be "a big frog in a little pond than a little frog in a big pond." The Famous Players Canadian Corp. was the big Film Interest of Canada, in being absorbed by an American company, it loses its identity, despite the carefully worded promises of the directors.

If all chances are equal, in regard to one American company or another, and the Canadian preference is no consideration or advantage, then why is not $75.00 or $60.00 cash better than a $57.00 exchange share value?

If the shareholders accepted the $75.00, they would have had their investment and profits in their pocket, the same holds good with the $60.00 offer, but with the exchange of shares, the shareholder is gambling on a very unsteady market on a downward grade.

Taking into consideration all the facts as they have appeared before the shareholders; and some which will further be presented, and which have not yet been made public, in view of the fact that hundreds of shareholders in the Canadian company are working girls and widows, women who would not consider theatre investment out of their own country, who invested in the Canadian company because they knew the men who were directing its policies, knew them as Canadians; and that their protection of investment would be Canadian, should not the shareholders meet in order to reassure themselves that the Paramount offer is to their advantage; and that no other advantage from other sources would be more secure?

The directors have only their own contradictory statements and policy to blame, if the shareholders in the minority are concerned about the wisdom and advisability of the policy which they advocate. Suspicion and doubt always result from contradictory statements and business manipulation which appears on the surface to be actuated by certain interests.

The attitude of the Paramount company in this deal is not criticized, every company is desirous of securing a bargain in a transaction, or the best of a deal, whether it is an immediate best, or one which invests for the future. Paramount in this offer is getting the best of the deal now, and insuring its Canadian business for the future, in addition to other insurances without any cost to Paramount. In other words the Canadian shareholders are making Canada safe and sound for Paramount; and giving the British Film Industry some more barriers to surmount and overcome.

The Trade and Commerce Aspects of Canadian Theatre Sale

The Trade and Commerce angle, which relates itself to the proposed sale of the Famous Players Canadian Corp., although not of direct interest to the shareholders, nevertheless affects them as Canadians and Britishers. It is related to Canadian people as a whole, and of great importance to the British Empire.

America has sold the United States all over the world, through advertising and talking America; and most powerful of all the American propaganda utilized was the Screen.

America has built Motion Picture Theatres, purchased them from former owners; and affiliated wherever there was a civilized public to enter such theatres.

America established exchanges for the import and distribution of Motion Pictures, made in America, wherever such service was profitable for trade.

The people of all nationalities know America through Motion Pictures, and because of this Screen contact, it is easier for America to trade with all nationalities than any other nation, because the American trader does not have to acquaint his buyers with American clothes, furniture, etc., etc., the prospective buyer has seen all of these commodities upon the Screen; and is also on friendly terms with America through Screen friendships which have been made.

Aside from the billion dollar revenue which the Screens of the world have furnished, the greatest percentage to America, the United States has become the most talked of, and probably the most advertised country in the world; and the Screen has been largely responsible for this, the Screen with its luxurious picture palaces, its million dollar a year salary lists for stars and executives.

H. R. H., the Prince of Wales, stated publicly that, "Trade follows the film," and cautioned Britishers to take the British Film Industry seriously. Trade commissioners know the value in service which the Film Industry can offer; and its potentialities by way of stimulating trade.

The United States overlooks no factor, in the element of securing trade; and is now, through the Paramount company, intending to establish a studio in France for the purpose of making pictures in foreign languages.

This has been planned in order to favour France and to protect foreign trade, although the British Empire is the best customer which America has in Film consumption; and that as far as revenue from France is concerned, it is negligible in comparison to what Great Britain gives America, to what Canada and the rest of the British Empire give to America.

The idea for such a studio was first conceived by J. D. Williams and the centre for such a project, a natural and advantageous centre was London. Why America should go into France, in preference to England, with its greater facilities, may be occasioned through the fact that England is making a big effort to establish a Film Industry value in the world; and with such a producing centre in London, the British Film Industry, with its Talking Picture advantages may get too much advantageous publicity.

There may be other strategic advantages in such a studio for France, one may be certain it is for America's advantage that such a studio is being proposed.

There are other trade factors in addition to Motion Pictures.

The Film Indusrty has attained a position among the leading Industries of the world. Wall Street has seen it as a world power, a world screen Industry merged under Wall Street control, providing the ruling factors in this

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Trade and Commerce and the Patriotic Angle

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Industry can be sufficiently narrowed down to secure a monopoly. Wall Street loves monopoly, and abhors independent contingencies with which it may have to contend; and which necessitates too much applied effort for big results.

Wall Street will deal with a Film Company for World Film Monopoly, when that company can show it has a world control, by way of being the dominant world film enterprise, and with such a power to begin with, will slowly bring in, or eliminate all other factors, eventually knitting this Industry of Motion Pictures with other entertainment mediums, until we shall have a General Amusements Organization controlling the mechanical devices for entertainment, and the entertainment of the world, all over the world.

Is it worth such planning? It is when we consider that, with the exception of transportation, no other enterprise does such a cash business as Motion Pictures, and cash is the big factor back of credit and credit the big factor back of Trade and Commerce, back of Power.

Everything from a pin to an elephant is shown in motion Pictures. It creates fashions in furniture, in architecture, in clothes, in transportation and even in love. Its money-making and trade-making powers is beyond computation. It is a veritable Aladdin's Lamp of Wealth, of Enterprise. It is of national and international service.

The Patriotic Viewpoint Selling Canada's Screen

AND NOW let us pass to the patriotic angle. During the war, the screens of the world were soldiers, machine guns, artillery, commanding officers, recruiting stations and finance bureaus for the countries which controlled these screens.

The Screen can make governments, it is the Power of Oratory, and Literature combined, it is the Dramatic Press of the world. Motion Pictures were a vital necessity to the life of the soldiers and civilians, who were in need of propaganda upon which they could be stimulated; and entertainment during the war, through which they could for an hour or two relax, and forget the strain, the tension, the terror through which they lived.

America has had the co-operation of all her forces, military, naval, industrial, governmental, in making pictures; for the U. S. realizes, as no other nation realizes, the Power of the Screen in securing immigrants, in making Americans, and in popularizing American ideals with Young America, and with her world trading centres.

The American Flag, in American-made Motion Pictures, was so much in evidence, that other nationalities began to consider it too great a competition by way of popularizing their own flags, and demanded its elimination from their respective screens. Had the governing powers not considered visual education a patriotic factor, they would not have taken this step.

We, in Canada, have but a semblance, or imaginary boundary which separates us from the United States. We trade with America and treat Americans with consideration, respect and yet with a degree of neighbourly friendliness and familiarity, which gives the appearance of being of one family, and America treats Canada in a similarly cordial manner, save where her trade is concerned, and then there are the barrier-tariffs, presented in a spirit of business is business, and American protection for Americans comes first.

We, in Canada, have but a population of nine million Canadians, while the population of the United States is about one hundred and twenty five millions. We, in Canada, are still growing, we need population, and enterprise, industries to attract finance and population to our country, while America has reached what appears to be the very apex of her prosperity and population. We in Canada, need a Canadian spirit, an inspiration Canadian, to feel that we are ourselves, and that we too can be independent and enterprising.

We, in Canada are endeavoring to become stamped with our birhright. We, like other nations, are beginning to find ourselves individualistic, we are feeling our "growing pains," and enjoying these for the glory of growth, and we wish to continue to develop according to that matrix which we have cherished in our consciousness as traditional.

Although we are similar to Americans, yet are we different; and it is this little difference which makes us what we are, a nation among the nations of the world, an important and distinct link in the British Empire.

Sir Wm. Mulock, in giving an address to the press, stressed the power of the press, and every word Sir William said of the press, in relationship to its position in a nation, its power over the people of that nation, in a time of peace or war, is true of the Screen of a Nation.

Sir Wm. Mulock, in giving an address to the press, minority shareholder in the Famous Players Canadian Corporation, gave praise to the national service the newspapers of Canada have given in the past and of the power for good which they exercised. Sir William was a speaker at the Annual Dinner of the Canadian Daily Publishers, held at the Royal York Hotel, under the auspices of the Canadian Press and the Canadian Daily Newspapers' Association. Since the Screen is in the nature of a Screen Press, and in addition to its field of story-telling, devotes much of its films to newsreels, and in several instances has associations with newspapers, what is said of the press from a national viewpoint can be applied to the Screen Press of a Nation.

One excerpt from Sir William's address, as republished in The Toronto Daily Star, is as follows: "I now propose to refer to the question whether the owner of a newspaper owes to the public any moral duty beyond that required by law. No one will controvert the proposition that every citizen owes to his fellow-citizens more than mere legal obligations . . . . "If, then, in the case of the individual, good citizenship, brotherly duty, create obligations beyond those laid down by the law of the land, why does the principle not apply in the case of a newspaper which speaks with thousands of tongues?"

"In thus referring to the question whether the press owes to the public any duty beyond that which the law imposes, it must not be inferred that I consider the Canadian press as failing in its moral, as distinguished from its legal, duty to the public. On the contrary, I have referred to it in order to emphasize my view that under the inspiration and guiding influence of your association, the Canadian press has exalted the business of publishing newspapers beyond the status of mere money-making enterprises and has led to their being conducted with due regard to the public interest, and that when business interest conflicts with public interest the former is to give way."

This viewpoint is of interest in relationship to the Famous Players Canadian Corporation, the directorate of which could long ago have sold this company to the American company now seeking its control, but this

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Is Patriotism Good Business
Leading Citizens Say "Yes"

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directorate had a national consciousness in connection with this Canadian theatre company, it had as Sir William explains, a consciousness of "public interest," a consciousness of a "moral duty beyond that required by law."

Sir William emphasizes that "when business interest conflicts with public interest the former is to give way." This viewpoint is interesting since an editorial in The Montreal Times of April 25th, in commenting on the Famous Players proposed sale to an American company, states, under its heading, "Art, Patriotism, and Dividends."

"The desire to preserve the Canadian Moving Picture field from domination by non-British interests seems to have ceased to be a factor in the policy of the leading Canadian movie corporation. It is probably better so. There is always a certain room for suspicion about the patriotic feelings of incorporated companies, except in those rare instances when patriotism and business interest point along identical lines. It might even be considered open to question whether the directors of a company have any moral right to consider questions of patriotism, when doing so will conflict with the business interests of their company."

Now let us glance over an editorial in The Mail and Empire, which is by the way, Mr. I. W. Killam's publication, and review what Mr. Killam's paper has to say about Industry, Enterprise and Public or National Interests. You will concur with the editor of The Digest that Mr. Killam's publication takes the viewpoint of Sir William Mulock, for the editorial in Mr. Killam's publication of Thursday, May 1st, is headed, "The National Will Is For A National Policy."

"The study of the present tariff makers is to increase the exchange between producers engaged in the natural industries and those engaged in the manufacturing industries and intensify internal trade. It has proved good policy for our neighbors, and it is the policy Canada must have before she can get properly ushered upon her career of greatness. In the decade that has just ended she ought to have been going forward at a rapid rate. But, in the matter of population, she has been at best at a standstill. The King Government has practically ceased to function in the matter of bringing in immigrants. Most of those who have come in have been discouraged, and very many of our own people have gone to the United States to find work. This should not be.

"Canada cannot expect to build up its population on a sure basis as long as the policy of its Government is to bring in, not productive immigrants, but the products of foreign countries. Our own industries have been depressed by that policy. Not only the wage-earners who depend on the manufacturing industries, but also the people who make their living on farms, have had odds put heavily against them by the King Government's tariff policy. But if the people of some other country are to be more favored by the Government's trade policy it cannot but happen that Canadians will be at a serious disadvantage, and will find it hard to resist the strong attraction of a really national policy next door. Nor is it the least useful of our people who are drawn away from us by our neighbor's national economy. Men and women who have been born here, who are of the very pick of the population because of their self-reliance and competence as producers, have found employment on the other side of the line at high wages, whereas at home there was nothing for them to do. This state of affairs must be changed and Canada made in reality the land of opportunity.

"Our people are thinking nationally, which for some years they had almost lost the habit of doing. They are no longer thinking merely as adherents of a political party, as sectionalists, as occupational groups. They understand now the importance of national solidarity, and that this country cannot have as long as its home market is open to the raids of producers in other countries. In the next election campaign the economic banner under which the mass of the people will march to the polls is that of Canada for the Canadians."

It all sounds great, it should be sincere, it probably is, since the editor of the Mail and Empire wrote it, although it is in direct contradiction to the policy of Mr. Killam, this paper's owner, who is certainly not interested in keeping Canada's screens for Canada, Canada's Film Industry under the control of Canadians, who is not interested in keeping this company's theatre managers Canadian, and other officers, executives and employees, Canadians.

"Canada for Canadians," is a good start, the same kind of a start which America made when America built itself into a nation of World Power. America has still retained this spirit.

The Montreal Times can counsel in its editorial, "The business of the moving picture industry in Canada is to provide the moving pictures that Canadians want. It would be nice if the Canadian public showed any convincing signs of a desire to patronize films of some other provenance than Hollywood. But the cold fact remains that British films have very rarely succeeded in attracting large patronage in the Dominion, and that European films are somewhat systematically withheld from us by the censor's apprehensions concerning our morals. In the circumstances the shareholders of the Canadian company will doubtless feel free to consider the proposed exchange of stock on a purely business basis, without the aid of flags and national hymns," but the proposed sale of the Famous Players Canadian Corporation does involve "flag-waving." Every nation in the world is protecting its Screen Value. Is the Screen Value of Canada of less value than the other screens of the world?

Are we so self-satisfied with our Canadianism that we feel no responsibility in the matter of giving away a medium of talking to thirty million Canadian people yearly, grandmothers and grandsons, immigrants and Canadians. Shall the Film Industry which the government of Great Britain found sufficiently important to legislate for its protection, which France, Germany, Italy, Russia, etc., etc., protects within the bounds of governmental control, is this power, which Canada has singularly developed, under Canadian control, and patronage, to be bartered away for a "mess of pottage?"

Canada, in relationship to a British Film Industry, is a strategical point. It is as important to Great Britain in its relationship to trade with the U. S., it is as important to the U. S. in relationship to Film Trade with Great Britain, as is the Rock of Gibraltar in relationship to the British Empire, which through this strategical stronghold, holds "the key to the Mediterranean."

"The Suez Canal" gave the British Empire, India! Just a "ditch" in Egypt, as the opponents of the Disraeli

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Canada's Strategic Film Market

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Purchase idea were wont to say; and we in Canada are being told that "the business of the moving picture industry in Canada is to "provide moving pictures that Canadians want," therefore it is not valuable sufficiently to Canada to interfere with the sale as proposed to an American company.

Who knows but that the Canadian screen may prove as valuable to Canada, to the British Empire, as was "that ditch in Egypt."

Canada has a habit of underestimating its values. It has a "giving spirit"; and has in the past given away Interests and Land which have added to the value of its neighbour. America is a good neighbour, but also what may be termed a "high-pressure salesman" in selling American Interests and products at peak prices.

The offer of five shares of Canadian for four of the American company is an example of the splendid business sense which America has in marketing American values. Adolph Zukor, President of the American company, is a personality in the business life of America, and an outstanding power in the Film Industry. He is endeavouring to give his American shareholders the best kind of a deal; and a bonus of a Canadian share, for good measure.

Viewed from the American angle, he is protecting and considering his American shareholders. But as this relates itself to the Canadian shareholders, it is really up to the Canadian Directorate to look after the Canadian Interests.

Mr. Zukor's interests are naturally Paramount; and it is only logical that he should place Paramount first. When N. L. Nathanson was managing director of the Canadian company, all interests were sacrified to the Famous Players. N. L. Nathanson was successful in building up this Canadian Company to the position of being dominant in Canada. N. L. Nathanson did not appear to be stampeded into selling to America, because of a fear of a rival chain of theatres being built in competition. Cannot the present directorate, now that N. L. Nathanson is not directing its policy, cope with this situation? When Nathanson was Managing Director, the directors were not afraid. Was it Nathanson's ability which gave the Famous Players its confidence and security to seek Empire affiliations, to maintain its Canadian identity?

With Nathanson at the helm, the Famous Players Canadian Corporation showed no "stampede tendencies," they did not "retreat to cover." They opposed their competitors, and faced their enemies. They utilized showmanship strategy in gathering into their fold their most formidable opposition. They made friends of their enemies.

The statements that Nathanson was selling to Fox and not to Gaumont British can easily be disproved, when evidence is before us to show that the deal with Gaumont British was started before the Fox Interests had become associated with Gaumont British. Nathanson tried to buy the Gaumont British for the Famous Players Canadian. Not being successful, he tried the next best British move, a British affiliation. All this talk of Fox control of Gaumont British is as questionable as many other statements which have been made by some of the directors of the Canadian company.

The statement by an officer of the American company, that the Canadian syndicate had been offered 50 per cent. of the shares purchased by the Canadian Company, and that the offer is still open, has been denied by those interested in the Canadian Syndicate.

Such brazen affirmations and denials in respect to the operations of a limited company have never been made public in Canada heretofor. Just one week previous to the announcement of the American offer to absorb the Canadian company, the present Managing Director of Famous Players Canadian Corporation was asked if it were true, negotiations of that nature were in progress, and the Managing Director told the press that the whole story was "highly imaginative," and without foundation.

King David said, "All men are liars," but it is necessary in directing the policy of a limited company, in which there has been a public investment, that this public should have a confidence in the voice of their directorate. When the shareholders discover that they cannot believe what their directors tell them, that these contradict themselves and each other, it is time to ask for a removal of this directorate, and the appointment of directors who at least appear to tell the truth!

Sir William Mulock closed his address as follows:

"We citizens of Canada know that our good neighbours to the south are fond of us and would welcome our throwing in our lot with them. But Canada realizes that in nation building that riches constitute an unstable foundation; are but as the shifting sands. Our national edifice is being built in the eternal principles of British liberty and justice, and whatever temptations our good neighbours should offer Canada, her one and only answer will ever be,

"I tell them they needn't come wooing for me,
For my heart, my heart, is over the sea."

Another bit of wisdom from Sir William, who reveals that all of the brains of an organization is not concentrated in the majority control, but that minority shareholders might be brought into advantageous consultation, when an issue which is as vital as the proposed sale of the Canadian Company to American Interest is concerned, is as follows:

"Newspapers to-day are national in their circulation and in their influence. Within recent years, we have witnessed in the old land two or three men, ambitious for political power or gain, owners of great newspapers, endeavouring to undermine public control over Parliament by forcing their views upon the electorate. Also, it is well known that mass production, big business, by its advertising patronages, every seeking to commercialize the press and thereby to control its conduct."

"Efforts for sinister purposes to utilize the press to mislead the people are a menace to government of the people, by the people, for the people; and should such efforts be made in Canada, the remedy for defeating them rests with the people themselves. If they will, as they may, keep themselves informed upon public questions and not give out their thinking, as one does his washing, to be done by others, but do it for themselves, then we shall have an informed, critical public opinion, an effective shield against selfish or inordinate ambition."

"But if they accept the advice of adverse interests, then a fate, like that of the Trojans in accepting the Gift of the Grecian horse, awaits them."

And this again applies to the motion picture industry. The screen can be made national in its appeal and influence. It can in Canada continue to develop its resources, forming such alliances as will retain for it, its national values, expanding its present operations, improving and extending its service, keeping its enormous revenue within Canada, to be utilized for the purchase of Canadian commodities and the prosperous commer-

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Sir William Mulock Expounds to Press

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cial, industrial and educational advancement of Canada.

Sir William said, "Perfection in governing a country is an unattainable dream. Nevertheless, we often make a change for the worse. It might be well to remember the epitaph on the tombstone of a man, who imagining himself ill, called in his physician, but died. The epitaph was in these words, "I was well, I would be better, and here I am."

This is so applicable to the Famous Players Canadian Corporation, which is well, which seeks to be better by selling itself to Paramount; and which as a Canadian Enterprise, will find itself as "dead as a door-nail" in its Americanization. —Ray Lewis.

Perkins Sells Walker Soundscreen

The Walker Screen Company, of Brooklyn, New York, is now marketing a fire resisting type of sound screen which we are advised is entirely constructed of ingredients that will resist flame and fire.

They claim that a hot flame can be placed against this screen for hours, in fact indefinitely, and that it not only will not show the slightest indication of flame, but even leaves absolutely no glowing embers.

The Walker Screen Company claims that, in addition to this outstanding achievement the projection surface of its screen has also been improved.

The new fire resisting Walker Soundscreen is available for immediate delivery in standard and Magnasize, and are sold in Canada by Perkins Electric Company.

Hiram Brown Unhappy

Hiram Brown, President of the Radio-Keith-Orpheum Corporation, in an interview with The Digest, stated, "I am very unhappy at the recent developments in Canada as it affects RKO. When our company entered into an affiliation with the Famous Players Canadian Corporation, this affiliation was closed under the belief that the Famous Players Canadian Corporation was a Canadian-controlled company and was to remain so. Developments now tend to place this control elsewhere."

Paulton Theatre Reopens

The Paulton Theatre, 225 Queen St. East, Toronto, closed on Saturday, April 12th, for remodeling and to allow installation of the Motiograph Sound Projectors with Baldwin Amplification by the Coleman Electric Company. The theatre re-opened to business the following Thursday evening, playing to capacity audiences on both shows. The feature attraction was "Sunny Side Up," a thirteen-reel subject recorded on track and the reproduction was all that could possibly be desired from every standpoint. Aside from the exceptionally clear and full-toned reproduction, the projected picture was very brilliant, clear and sharp.

The use of the massive Motiograph Sound Projector, a machine completely built in one unit driven by a single 1-3 H.P. Synchronous Motor for both projection and sound, and the Vocalite Glass Bead Sound Screen ensures perfect projection and the Baldwin Main Amplifiers, Track Amplifiers, Faders and twelve-foot air column Horn Type Speaker ensures perfect reproduction. The entire equipment received most favorable comment from all those present.

Freedom of Press

Protest against the Quebec Government's measure to censor moving picture theatre advertising in newspapers of Quebec cities and towns was made by Hon. P. R. Du Tremblay, a member of the legislature, on the ground that it was a violation of the principle of the freedom of the press. The law was such that a newspaper edition could be held up on the order of the censors.

WANTED

Experienced Moving Picture Operator, with experience in Sound for first-class up-to-date Theatre. Permanent position to right man, who is not afraid to work. References required, state experience, salary, etc., in replying to this advertisement.

BOX 1—CANADIAN MOVING PICTURE DIGEST

Another Quality Equipment Product

MORELITE REFLECTOR ARC LAMPS

THEY NOT ONLY LAST LONGER BUT GIVE BETTER RESULTS

When you buy a MORELITE REFLECTOR LAMP you are getting the most for your money, more real built in goodness and lasting quality.

Morelite Reflector Lamps represent one hundred cents on the dollar in value by comparison with any other lamp on the market.

Morelite Lamps use from ten to thirty-five amperes and give 20% more light efficiency than any other lamp.

Morelite Lamps are priced the same in Canada as in the United States.

EXCLUSIVE CANADIAN DISTRIBUTORS

MORELITE LAMPS — WALKER SCREENS — TRANSVERTERS — ILEX LENS

Perkins Electric Company Limited

TORONTO MONTREAL WINNIPEG

Arthur Roebuck Legal Counsel Minority Shareholders Protective Association

Famous Players Minority Shareholders to Hold Meeting for Investment Protection

The shareholders of the Famous Players have been mailed information from Arthur Roebuck, Legal Counsel of a Protective Association of Famous Players Minority Shareholders, urging them to retain their shares and attend a meeting of shareholders to be held at the King Edward Hotel, Toronto, Thursday, May 15th, at 8 p.m.

The purpose of the meeting is to discuss the offer of the Paramount Famous Lasky to purchase the Famous Players Canadian Corporation, on a basis of an offer of five shares of the Canadian Company for four shares of the American!

There have been several other offers refused, one from the Gaumont British at $75.00 cash a share, and a recent one from a Canadian syndicate, offering $60.00 cash. The shareholders desire to obtain some definite information on these offers; and the necessity for selling the Canadian Company to an American company, which appears to be diametrically opposed to the policy of the company heretofor; and in opposition to the desire of the directors as they have previously expressed themselves.

EDITOR.

Mr. Roebuck's letter to the shareholders is as follows:

Shareholders Famous Players Protective Association

11TH FLOOR STERLING TOWER

TORONTO

TO THE SHAREHOLDERS AND HOLDERS OF VOTING TRUST CERTIFICATES OF FAMOUS PLAYERS CANADIAN CORPORATION LIMITED:

SIRS:

You have received a circular letter from the Directors of Famous Players Canadian Corporation Limited, advising the acceptance by you of an offer by Paramount Famous Lasky Corporation, an American Company, to take your shares in the Canadian Company in exchange for shares in the American Company on a basis of five of your shares for four of theirs.

In view of the far-reaching consequences of the acceptance by you of this proposal and of the doubts which have been raised by such facts as have become known, the above Protective Association has been formed and a general meeting of shareholders has been called to meet in the King Edward Hotel on Thursday, 15th of May (inst.) at the hour of 8 o'clock in the evening, where the whole situation may be discussed and the shareholders may take such action as the circumstances may warrant.

In view of the importance to you as a shareholder and as a citizen of the problems involved, you are most earnestly urged to be personally present to take part in these deliberations, or, should that be quite impossible, to appoint some fellow shareholder in whom you have confidence to represent you.

Since its incorporation in 1920, our company has made steady progress until it is to-day the leading theatre-owning company in Canada. Its net income for the year ending Aug. 31st, 1929, was $2,044,224, or $6.24 per common share, and a considerable increase in rate of earnings is authoritatively announced for the first quarter of the current fiscal year.

Its total assets are now well over $20,000,000 and are growing rapidly by the acquisition and building of new theatres. The Company has a contract good until 1939 entitling it to first showings of all pictures produced by Famous Players Lasky Corporation. It has acquired the theatres formerly operated by Allen's Theatre Limited and Trans-Canada Theatres Limited, and has secured substantial holdings in United Amusement Corporation Limited, Eastern Theatres Limited, and United Theatres Limited.

"It has taken the Company ten years to achieve its present strong and profitable position, so that little surprise need be manifest at efforts by others to acquire the benefit of its labors and enterprise.

The necessity for caution and vigilance is moreover made apparent in the events of the past year.

In March of 1929 control of this Canadian Company was brought to Canada by the purchase from Paramount Famous Lasky Corporation of 165,375 common shares and the formation of a Voting Trust, the announced purpose of which was to assure control to Canada.

These 165,375 shares were then offered to Canadian investors in a prospectus, one clause which read as follows:

> "VOTING TRUST CERTIFICATES! Control of the Company is being assured to Canada through the purchase of Common Stock previously held by American Interests. For the purpose of retaining this control and providing continuity of the present successful management, voting control has been placed for a period of ten years in the hands of three trustees under a deposit agreement in favour of the Montreal Trust Company."

The three Trustees were Adolph Zukor, of the Paramount Famous Lasky Corporation of New York; I. W. Killam of Montreal; and N. L. Nathanson of Toronto, the majority being Canadian.

On these representations a large number of shares were sold to Canadian investors.

Mr. N. L. Nathanson continued as general manager of the Company, and in August, 1929, announced that he had received from the British Gaumont Company an offer of $75.00 per share, a term of which was that the control held by the Trustees should be included in the purchase.

Messrs. Zukor and Killam refused to concur in the sale to the British Company. Mr. Killam wired to Mr. Nathanson that to give "Attorney Under Voting Trust Agreement Would Be Unethical," and in a published statement declared that a scheme to transfer the control vested in the Voting Trust to the British Company would require the consent of every individual Certificate holder. Mr. Killam said:

> "Obviously such action on our part would be open to censure, even if legally possible, except with the consent of every individual holder of Voting Trust Certificates. That, of course, would have been impossible to obtain, and I cabled him that this would not be ethical."

It was reported that one Fox, an American, had acquired interests in the British Company, and Mr. Killam wired Mr. Nathanson:

> "Control by Fox would be contrary to Prospectus and Advertisement."

Notwithstanding this refusal of the British offer of $75.00 per share and the above expressions, it is now proposed to sell control to the American Company headed by Mr. Zukor.

In August last the Board of Directors acknowledged the British offer of $75.00 but refused it on the announced ground of United States control. After consultation with the other Directors, Mr. J. P. Bickell, who now advises an outright sale to Americans, issued for publication the following announcement:

> "Mr. Nathanson stated to the Board of Directors at to-day's meeting that he could procure an offer for the shares of the Company at $75.00 a share from the Gaumont Company. Upon investigation, the directors were satisfied that the Gaumont Company was controlled by American interests, therefore, the Board decided against proceeding further with such negotiations."

Why has Mr. Bickell changed his mind in reference to American control? In a statement published on the 18th day of April, 1930. Mr. Bickell is reported as saying:

(Continued from Page 17)

"Although it would be up to the Directors of the new company, I do not think there will be any radical change in policy or personnel. We have, in fact, received an intimation to that effect from the American group, but it is, as I said, up to themselves once they have acquired the Canadian Corporation."

"Vice-President Bickell should know what the proposal involves. He has not only made public statements explaining the deal, but he signed the letter which you have received in which the Directors advise the acceptance of the offer.

Famous Players Canadian Corporation Limited now owns and manages approximately 200 leading theatres where first-run pictures are exhibited in the key centres of Canada. These theatres have over 200,000 seating capacity, with an annual audience of over 30,000,000 persons. This is at the present time a practical monopoly of the screen of Canada from coast to coast, and as Mr. Bickell says, the use of this tremendous educational power will be "up to" the directors of an American company. It is for you as a shareholder to consider whether it is consistent with Canadian patriotism to place this power in the hands of United States interests.

You will also, no doubt, desire to consider whether you are being offered an adequate price for your shares. The United States stock which is offered you is quoted as closing on Tuesday of last week at 71½, which at four of these shares for five of yours is an equivalent of 57 for your shares. In this connection you will, no doubt, bear in mind that Mr. Nathanson has since confirmed the statement which was published last week that an offer of $60.00 cash per share had recently been offered by a group of Canadian investors.

In a published statement Mr. Nathanson says:

"In connection with the offer of exchange proposed by Paramount Famous Lasky Corporation, of New York, for shares of the Famous Players Canadian Corporation, Limited, on a basis of five shares of the Canadian Company for four shares of the American Company, which, with the present quotations of the American Company's stock would give a value of approximately $57.00 per share to the Canadian shareholders, I believe that shareholders of the Company should know that an offer of $60.00 cash was made to Mr. Killam for his holdings in the Company, and, in the event of his acceptance, a similar offer was to be made to all other shareholders, by a group prominent in Canadian financial affairs, who intended to retain control of the business and Company in Canada. This offer was made on the 8th of April, several days previous to the date on which Mr. Killam agreed to accept the terms of the American Company in their offer to the Canadian shareholders.

"I was not a party to the arrangements made by Mr. Killam with the American Company, nor was my approval asked for, as it did not come before the Voting Trustees.

"I have always taken the position that shareholders should be fully consulted in such matters, and shareholders may well ask Mr. Killam why they were not given theCanadian syndicate, and why they are the $60.00 cash offer made by the privilege of accepting or refusing being asked to accept only an exchange of shares in the American Company."

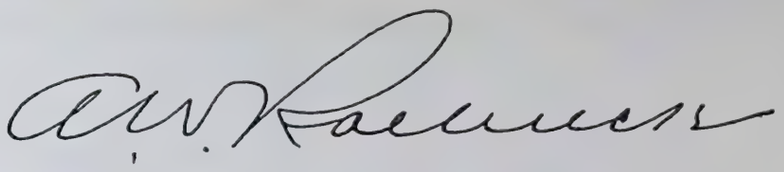
In view of the above, you may naturally ask why you should hand over control of the Canadian Screen to a United States Board of Directors at a price of $57.00 per share, and accept payment in the shares of an American Company of which you may know little and in whose management you would have practically no voice. You may ask why you should accept $57.00 in trade for shares for which apparently a British Company offered $75.00 cash as recently as August last, and for which there is perhaps even now an unaccepted Canadian offer of $60.00 cash per share.

In view of the gravity of this situation and of the doubts warranted under all the circumstances, it is respectfully suggested that you

(Continued on Page 19)

withhold the delivery of your shares until you are satisfied as to the regularity of all matters connected with this offer, and you are strongly urged to be present in person at the meeting of shareholders in the King Edward Hotel at 8 o'clock on the evening of Thursday, May the 15th inst.

Yours respectfully,



Legal Counsel, Shareholders
Famous Players Canadian
Protective Association,
Sterling Tower,
Toronto.

SHAREHOLDERS

Famous Players Canadian Protective Association

To the Shareholders:

We understand that there has been mailed to you a copy of the Canadian Moving Picture Digest in which you will find a number of articles of interest to you as a shareholder of Famous Players Canadian Corporation Limited and we are informed that further articles on the subject will appear in subsequent issues. It is our earnest desire that you be personally present to protect your investment at the meeting of shareholders to be held in the King Edward Hotel on the evening of Thursday, the 15th day of May, but, irrespective of your ability to attend, and in order that those in charge pro tem of the Association may be immediately acquainted with your views, will you kindly fill in your answer to the following questions and at once return this letter to the writer in the addressed envelope which is enclosed. It is necessary that you attend to this immediately.

QUESTIONNAIRE

1. How many shares do you hold in Famous Players Canadian Corporation Limited?.....
No. of shares.
2. Are you in favor of retaining control of Famous Players Canadian Corporation Limited in Canada?
.....
3. Are you in favor of Canada protecting her moving picture screen from foreign domination?.....
4. Are you in favor of investigating further the reported offer of a British Company of $75.00 cash per share and of a Canadian offer of $60.00 cash per share before accepting any other offer at a lower price? .....
5. Are you in favor of additional Canadian representation on the Voting Trust which now holds control of Famous Players Canadian Corporation Limited? .....
6. Are you in favor of accepting the offer of Paramount Famous Lasky Corporation, a United States Company, to exchange your shares in the Canadian Company for shares in the American Company on a basis of five of your shares for four of theirs? .....
7. Are you in favor of continuing the existence of a Shareholders Famous Players Canadian Protective Association? .....
8. Will you be able to attend the meeting of shareholders in the King Edward Hotel, Toronto, on the evening of Thursday, May 15th, next?.....

In the event of your being unable to attend this meeting will you kindly fill in and sign the enclosed form appointing the writer, or some other shareholder, to represent you.

Shareholders Appointment and Notice of Meeting of Minority Shareholders Famous Players Canadian Corp. As Mailed to Shareholders by Arthur Roebuck

SHAREHOLDERS

Famous Players Canadian Protective Association

APPOINTMENT

I, ...
Name in full.

Address .....
Town, Street, House Number.

hereby appoint .....
Name of representative.

of .....
Address of representative.

who is a shareholder of Famous Players Canadian Corporation, Limited, to represent me, and to vote for me and on my behalf at a meeting of Shareholders Famous Players Canadian Protective Association to be held in the King Edward Hotel, Toronto, on Thursday, the 15th day of May, 1930, commencing at 8 o'clock in the evening, and any adjournments thereof and at all future meetings of such Association which I do not myself personally attend.

Signed.....
Sign here name in full.

As the time allowed for the consideration of this matter is very short, will you kindly fill in the above questionnaire and appointment immediately on its receipt by you and return this whole letter to the writer by mail at once in the addressed envelope which is enclosed herewith.

Yours very truly,

A. W. ROEBUCK,
Sterling Tower, Toronto,
Legal Counsel, Shareholders Famous Players Canadian Protective Association.

Built To a Standard--Not To a Price

MOTIOGRAPH SOUND PROJECTORS—

Not an attachment. A complete Projector with Track Head and Disc Turntable Built as Part of One Complete, Simple, Efficient, Massive Unit.

BALDWIN AMPLIFICATION—

Track Amplifiers of simple, efficient design. Constant Impedance Faders — True Tone level always. Main Amplifier Panel carries two complete Nine Tube very powerful Amplifiers with Instant Switchover from one to the other. Dynamic Unit Horn, Theatre Type, 12 foot Air Column. Double Battery Equipment with Charger, Spare Set Tubes, Exciter Lamps and P. E. Cell. Finest quality apparatus obtainable. Price, complete, $7,500.00. And it is entirely yours when you have paid for it!

WRITE FOR FULLY DESCRIPTIVE FOLDER

THE COLEMAN ELECTRIC Co. - 258 Victoria St. - Toronto, Ont.

"Courtesy With Service"

Show Business

Arrangements have been made for the erection of an atmospheric theatre in Port Hope, Ontario, by Famous Players Canadian Corp., to replace the Royal Theatre, an old house for which a further license was refused by the Ontario Government because of the lack of safety features. The new theatre will be fireproof throughout. Manager Smart will be in charge of the new structure.

Official announcement was made on April 26 by the Northern Electric Company, Limited, Montreal, that the company had made 245 theatre installations in Canada during the past 18 months, as well as equipping various Government and film exchange screening rooms.

The announcement contained the information that all sound and talking installations in theatres of Canada represented a capital investment of more than $5,000,000. To offset this outlay, the average weekly attendance in the Dominion had increased by 1,000,000 the estimated total weekly patronage now being 6,000,000. To meet the new demand, the company had organized the Research Products Department in which there were 150 employees, including representatives in many cities to provide instant service so there would be no interruption of shows. The first theatre in Canada to be permanently wired was the Palace Theatre, Montreal, where a Northern Electric system was completed September 1, 1928.

Just prior to his departure for England after a number of successful engagements in Hollywood, Shayle Gardner, a prominent British player, had some pertinent comment regarding the British film industry. Gardner declared in an interview that British producers were suffering because they did not study the market. They were "usually wrong in their judgment" because they did not realize the market demand. If English films were to go ahead, he said, the industry there should have the services of men with vision enough to understand the needs of the day and with courage enough to go ahead in the production of entertainment suitable to the market.

Film actors from the British Dominions had the edge over those from England because their English accent was less pronunced, he observed. Gardner said he was "enthusiastic about Hollywood."

The financial statement of Marcus Loew's Theatres, Limited, Toronto, for the last fiscal year, published April 25, showed an increase of 61 per cent. in net operating revenue. The company operates the big Loew's Theatre in the downtown section and leases another large house to Famous Players Canadian Corp., the gross receipts from the former amounting to $572,529, with a revenue of $95,999 in rental from the theatre occupied by the Famous Players.

The net profit for the fiscal year totalled $124,801, as compared with $77,307 for the previous 12 months. The surplus was increased to $368,845 from $295,684. The statement showed assets of $2,086,309. First mortgage bonds were reduced from $259,200 to $216,075, while a bank loan was down to $60,000, having been reduced by $40,000. Profits for the year represented $9.75 per common share of which there were 7,500 outstanding. Dividends totalling $45,773 were paid on the preferred stock.

The fearful prison disaster at Columbus, Ohio, gave the news reels a chance to show their usefulness, and they were not slow in taking advantage of it. However, the prize seems to have gone to the old reliable Pathe News for being first on the scene and first on the screen with actual scenes of the greatest prison disaster in history. The first Pathe sound truck reached the prison at midnight on Monday after a record run from Cleveland and the first story was completed shortly after sunrise and was on its way to Canada, New York and other stragetic points by specially chartered airplanes before any other sound trucks arrived at the prison.

Regal Films Ltd. announces the forthcoming release of the big Pathe special, "Swing High." This feature is counted on to prove one of the biggest box office attractions of recent years. It is described as a spectacular talking-musical melodrama of circus life. There is a real circus, with everything from popcorn to elephants. Forty acts are shown in the monster "big top" scene before an audience of 2,000. There also is a complete menagerie and a big side show, with human and inhuman freaks. There are sixteen outstanding stars in the cast, which is headed by Chester Conklin, Ben Turpin, Dorothy Burgess, Helen Twelvetrees, Robt. Edeson, Stepin Fetchit, George Fawcett, Bryant Washburn and William Langan.

The Perkins Electric Company Limited report the installation of Improved Super Morelite Lamps in the following Ontario theatres: Empire Theatre, Ansonville; Empire Theatre, New Liskeard; Broadview Theatre, Toronto; Dreamland Theatre, Barrie; Capitol Theatre, Barrie; Regent Theatre, Picton.

As we go to press we hear that the Opera House in Newcastle, N.B., Opera House, Bathurst; Orpheum Theatre, Kimberly; Princess Theatre, Truro; Opera House, Orillia; the Colonial Theatre, Vancouver, and the Princess at Truro, N.S., have just signed up for Northern Electric Sound Equipment.

The Magnoscope screen has been installed in the Columbia Theatre, a suburban house of Ottawa, owned by the Nolan Theatre Enterprises. The first local installation of the full-stage screen effect was in the Avalon Theatre where it has proved a distinct success over a period of a year. The Magnoscope screen was developed by Ambrose Nolan of Ottawa, who has placed the equipment in 20 theatres throughout Ontario.

Daylight Saving was ushered in at midnight, April 26, in practically all cities and towns of Eastern Canada without a murmur from exhibitors in the respective centres.

Round About the Studios

Catherine Dale Owen, who plays the feminine lead in "The Rogue Song," starring Lawrence Tibbett, a Metro-Goldwyn-Mayer release.

Nancy Carroll is coming East soon to make her first talking picture at Paramount's New York studio. It will be "Laughter," an original story by Harry D'Arrast, hitherto noted as a director. D'Arrast also will direct. Frederic March will leave Hollywood at the same time to be Miss Carroll's leading man.

Mildred Harris, the former Mrs. Chas. Chaplin, makes her talkie debut in the Pathe comedy, "Ranch House Blues."

Everett Marshall, now singing his way to screen glory in "Dixiana," will wear the red coat of the Royal Mounted coat of the Royal Mounted police in his first starring Radio Picture, titled "Heart of the Rockies."

Lillian Gish, recently acclaimed in New York for her triumphant return to the stage in Tchekov's "Uncle Vanya," this week added to her audible achievements through the first exhibition of "One Romantic Night," her first talking picture, at the California Theatre in San Francisco. In the film based on Molnar's "The Swan," and with Marie Dressler, Rod La Rocque, Conrad Nagel and O. P. Heggie supporting the star, Miss Gish won high praise.

"The High Road" is the tentative title for Ruth Chatterton's next Metro-Goldwyn-Mayer picture adapted from Frederic Lonsdale's play of the same name. Lonsdale supplied the talking screen with one of its most successful 1929 pictures in "The Last of Mrs. Cheyney," and "The High Road" contains the same sparkling Lonsdale dialogue and fast-paced comedy-drama.

With "The Cohens and Kellys in Scotland" continuing as the laughing success of the Spring, Universal is already making plans for producing the fifth in this famous series. It will be titled "The Cohens and Kellys in Ireland."

Sally Starr who was recommended for her first screen engagement by Gus Edwards, discoverer of many popular entertainers of stage and screen, appears currently in "Swing High," a Pathe circus film.

Raquel Torres, young Mexican actress who had the feminine lead in "White Shadows in the South Seas," has been awarded the principal role in "Never the Twain Shall Meet," another drama of the tropics which will go into production soon under Lionel Barrymore's direction.

William Goetz, general manager of the Corinne Griffith productions during the last four years and former production manager for Buster Keaton productions, has been signed as an executive at the Fox West Coast Studios.

Goetz is a native of New York. He began his career in motion pictures as an assistant director.

"Her Relatives," just completed, is a Vitaphone Varieties slapstick domestic comedy featuring Neely Edwards who has appeared in several other short Vitaphone comedies.

Larry Kent appears in Tiffany Productions.

Buster Keaton, whose latest release is "Free and Easy," will next be seen in "War Babies," a comedy of army life dealing with various farcical adventures happening soon after the signing of the Armistice. Edward Sedgwick will direct.

Lewis Ayres, whose work in the role of "Paul Baumer" in "All Quiet on the Western Front," is said to be of a sensational nature, has been chosen by Carl Laemmle, Jr., general manager of production for Universal, to play the lead in "Saint Johnson," which will be made as a big outdoor epic for release on next season's schedule.

Another Vitaphone Varieties technicolor production has been completed. It is titled "Modern Business" and concerns a shop which is pepped up into step with the jazz age. Music and lyrics are by M. K. Jerome and Harold Berg.

Hank and Tom McFarlane, famous young rodeo stars, exhibit their trick riding and rope stunts in "Half Pint Polly," a Pathe comedy.

Adolphe Menjou was re-engaged by Paramount on his return to the United States from Europe. He will star in a talking picture to be filmed in Spanish and French. It will go into production at the Paramount Hollywood studios within two weeks. Menjou's last American production was "Fashions in Love" which introduced him as a star of the talking screen.

Richard Thorpe has completed direction of Tiffany's "Under Montana Skies," a musical film feature based on show days in the old west, with Kenneth Harlan, Dorothy Gulliver, Slim Summerville, Nita Martan, Ethel Wales, Harry Todd, Christian J. Frank and Lafe McKee in the cast. "Under Montana Skies" concerns the adventures of a show troupe stranded in two-gun territory and its plot permits exploitation of a half dozen fascinating songs written by Violinsky and Harry Tobias.

Little Billy, the midget actor, and Jed Prouty are the featured players in one of the new Vitaphone Varieties "No Questoins Asked." Little Billy is engaged to masquerade as a child, leading to farcical situations.

Claudette Colbert, having just arrived in Hollywood after appearing in the East in support of Maurice Chevalier in "The Big Pond" and also in a featured role of "Young Man of Manhattan," is now preparing to make her first picture on the West Coast. This will be "Manslaughter," in which she will be directed by George Abbott.

Robert Z. Leonard is working on a new Norma Shearer vehicle, "Let Us Be Gay," a picturization of the Rachel Crothers' play. Rod La Rocque has the leading masculine role and the cast features Marie Dressler, Raymond Hackett, Sally Eilers, Gilbert Emery, Hedda Hopper and Tyrrell Davis.

Leila Hyams who plays opposite William Haines in "The Girl Said No," for Metro-Goldwyn-Mayer.

In the Spring An Exhibitor's Thoughts Naturally Turns To Thoughts of

SPRING IS HERE! And with it lazy reflections on the exhibitor's hard life. Poor fellow, he has to pick a short subject program. But are Pathe's customers unhappy over the prospect? I should say not! He knows he's getting FIFTY-TWO **ALL** TALKING COMEDIES; steady old PATHE SOUND NEWS (produced also on discs and in silent); that unique screen whimsy, PATHE AUDIO REVIEW (available, too, on disc and in silent); the one and only GRANTLAND RICE SPORTLIGHTS (on disc, too), and more popular than ever; the ultra-successful SONG SKETCHES (on discs, too), dramatized musical favorites; that uproarious cartoon, AESOP'S FILM FABLES (also on disc and silent), and the new wit-and-humor of the screen, TALKING TOPICS OF THE DAY (on disc, too). Yes, sir! No wonder Pathe customers wear the "smile that won't come off." That's a program to lick your chops over on a balmy Spring day, with the well known old rooster crowing, "IT'S ALL PATHE!"

And these splendid shorts are distributed in Canada by the old reliable REGAL FILMS LIMITED, Canada's largest and most popular film distributing organization, with completely equipped exchanges at Toronto, Montreal, St. John, Winnipeg, Calgary and Vancouver.

What a feeling of satisfaction it is to know you are getting the best short subjects made and that they are coming to you from the film exchange that has the reputation of giving every customer not only the best of co-operation and service, but also a square deal 365 days every year.

Pathe Short Subjects

COMING SOON

A Mighty Spectacular Talking-Musical Melodrama of Circus Life

SWING HIGH

THE BIG MONEY SHOW OF THE BIG TOP—the great outdoor spectacle that for generations has proved the sure-fire draw—with all its color, romance, lure, thrills, drama—has come to the audible screen!

A real circus—everything from popcorn to elephants! 40 acts of a monster circus in the Big Top scenes. An audience of more than 2,000 in a realistic spectacle. The world's greatest aerialists, wire walkers, tumblers, equestrians, trapeze rope performers and clowns. A complete menagerie—a side show with human and inhuman freaks.

The Greatest Cast Ever Assembled on the Audible Screen

Chester Conklin
Ben Turpin
Dorothy Burgess
Helen Twelvetrees
Nick Stuart
Fred Scott
Robt. Edeson
Stepin Fetchit
Daphne Pollard
Sally Starr
John Sheehan
Mickey Bennett
George Fawcett
Bryant Washburn
Little Billy
William Langan

Directed by Jos. Santley. *Produced by E. B. Derr*

It's Pathe Distributed by Regal Films Ltd.